

REQUEST FOR INFORMATION

Indiana's New Local Government Investment Pool

**Office of the Indiana
Treasurer of State**

Responses Due: August 31, 2007

REQUEST FOR INFORMATION (“RFI”)

Indiana’s New Local Government Investment Pool

I. INTRODUCTION

A. Background

During the 2007 Session of the Indiana General Assembly, the legislature passed and the Governor signed House Enrolled Act No. 1278 which created a state-sponsored Local Government Investment Pool (“LGIP”). The law took effect on July 1, 2007.

The purpose of the LGIP is to allow local units of government (counties, municipalities, school corporations, townships, and other districts) as well as the State to invest in a common pool in order to maximize the return on the investment of public funds.

There are an estimated 2094 units of local government potentially eligible to participate in the pool. According to the Indiana Board for Depositories, there were \$10,095,468,602.54 in public funds belonging to local government entities on deposit in Indiana-approved depositories as of March 31, 2007.

B. Statutory Framework (see Attachment A for full text of the enabling statute)

1. Some key highlights of the enabling legislation (Indiana Code § 5-13-9-11) are:

- Local government entities as described in Indiana Code § 5-13-9-1 shall be eligible participants in the LGIP.
- The Treasurer of State may invest state funds in the LGIP.
- The Treasurer of State, as Administrator of the LGIP, may invest funds held by the LGIP pursuant to the same statute which governs the investment of state funds. The citation for this statute is Indiana Code § 5-13-10.5 *et seq.* (see Attachment B). This provides the LGIP additional investment vehicles that are not available to local governments.
- The Administrator may contract for professional services necessary to operate the LGIP.
- Administrative expenses of the LGIP may be paid from the earnings of the LGIP.
- The LGIP may not set a minimum time for funds invested in the LGIP to be retained by the LGIP. Participants must enjoy 100% liquidity of their funds.
- An annual audit by an independent auditing firm is required.
- There is no limit on the number of accounts a participant may maintain.

- **No less than 50% of the funds available for investment in the LGIP must be deposited in banks qualified to hold deposits of participating local government entities.** In essence, this refers to banks which appear on the State of Indiana's approved depository list maintained by the Indiana Board for Depositories (see http://www.in.gov/deposit/p_appdep.htm).
- Please Note: "Deposit Accounts" has the meaning set forth in Indiana Code § 5-13-4-7 (see Attachment C).
- Please Note: The Indiana Board for Depositories oversees a \$300 million insurance fund known as the Public Deposit Insurance Fund which insures public money on deposit in approved depositories in the event of bank failure. This unique system, in place since the 1930's eliminates the need for banks to collateralize public funds on deposit. For more information see Indiana Code § 5-13-12-1.

C. Office of the Treasurer of State

The Indiana Treasurer of State ("Administrator") has been designated by statute as the Administrator of the LGIP. The Administrator now seeks information and proposals from qualified firms or groups of firms to provide portfolio management, administrative and marketing services for the LGIP. The Administrator will be assisted in the review process by the staff of the Office of the State Treasurer as well as by members of a special non-statutory advisory committee formed by the Administrator and consisting of local government officials. The ultimate decision to contract for services lies solely with the Administrator.

D. Expectations and Preferences

1. The Administrator, as Treasurer of State, may invest state funds as "seed money" to provide a beginning balance for the LGIP. The amount of "seed money" shall be established through negotiations with the selected investment manager.
2. It is the Administrator's desire to accept fund transfer requests from participants via a secure website and a call center staffed during normal business hours (to be confirmed by fax or other recorded means). No other means of funds transfer (i.e. paper checks) are contemplated.
3. The Administrator intends to hire a full time employee to be housed in the Office of the State Treasurer. This employee will be dedicated to marketing the LGIP to local entities of government. All costs resulting from the employment of this person will be an administrative expense to be paid solely from earnings of the investments in the pool. Respondents to this RFI should factor this into their response.
4. The Administrator's preference would be to enter into a contract of not less than three (3) and not more than seven (7) years in duration. Please indicate in your response any exceptions to this preference and/or your firm's proposed initial contract term.

5. The Administrator's preference is to accept information and proposals for all the services outlined in Section IV below as a single package. However, the Administrator would be willing to accept and consider joint bids submitted by two or more firms in partnership that address all the elements outlined in Section IV.

II. PROCEDURES FOR RESPONDING TO THE RFI

A. Purpose.

This request is in the form of a "Request for Information" only. The Administrator seeks to maximize the benefit of the added flexibility this allows in crafting a response. Creative solutions and innovative approaches are encouraged. The Administrator is not required to contract out for any service related to the LGIP. The Administrator and the LGIP are not governed by any formally required procurement statutes. Contract negotiations with potential vendors shall not be governed by the Indiana Department of Administration or the state procurement statutes. The issuance of this RFI does not constitute an offer or create any legally binding obligations on the part of the Administrator. Likewise, a response submitted to this RFI does not constitute an offer of any kind, and shall only be considered a solicitation to engage in negotiations.

B. Deadline for Submission.

This request for information has been issued on July 30, 2007. Firms interested in responding to this Request for Information should submit an original and four (4) copies of their written responses to:

Office of the Treasurer of Indiana
200 West Washington Street
Room 242, Statehouse
Indianapolis, IN 46204
Attention: Jim Holden, Chief Deputy and General Counsel
jrholden@tos.in.gov

A copy of each response should also be submitted electronically via email or other electronic media. Responses should be presented in accordance with the requirements of Section IV of this document. **The hard copies of each response must be received in the Office of the Treasurer of State no later than 4:30 p.m. EST on August 31, 2007. Responses received after this time will be considered untimely.**

C. Clarification of Information.

Any questions regarding this RFI that arise between the date this RFI is issued and the date that submissions are due should be reduced to writing and submitted to Jim Holden at jrholden@tos.in.gov. The Administrator reserves the right to publish the questions received, including answers, and disseminate them to other potential bidders as well as the public at large prior to the submission deadline via the Administrator's website www.in.gov/tos and other means.

D. Selection of Finalists.

As soon as practicable following the deadline for submissions, the Administrator will select finalists from among the qualified responses. All firms responding to this RFI will be notified in writing of the Administrator's decision. Those firms selected as finalists will also be notified and invited to an in-person interview in the Office of the State Treasurer in Indianapolis, Indiana, to be conducted on a date to be determined. Each finalist shall be allowed up to five key personnel at this meeting.

E. Final Selection

The issuance of this RFI or the receipt of responses by the Administrator pursuant hereto creates no obligation, expressed or implied, on the part of either party to enter into an agreement or contract of any kind. The Administrator reserves the right to enter into further discussions or negotiations with any finalist respondents. These discussions or negotiations may or may not result in an agreement to contract for services.

F. Public Records Act

Respondents to this RFI are advised that materials contained in any responses submitted are subject to the Indiana Public Records Act and may be viewed and/or copied by any member of the public, including news agencies and competitors, in accordance with the Indiana Public Records Act (Indiana Code § 5-14-3 *et. seq.*).

III. FORMAT OF RESPONSES

- A. Responses to this RFI must address each of the questions presented below in Section IV, parts A thru F. **Please segregate your response into numbered sections A thru F accordingly.**

IV. INFORMATION REQUESTED

- A. General Qualifications and Capabilities of the Organization

Please supply the following information about your organization or firm in the order described:

1. State name, address, telephone number, facsimile number, and Web site address of firm.
2. Describe your firm, its organization, including date founded, recent significant mergers or acquisitions, ownership, and any relevant subsidiaries.
3. Provide names, addresses, telephone numbers, facsimile numbers and e-mail addresses of the key individuals who will coordinate all activities related to the services described in your response. Provide background and experience information on each individual.
4. Furnish a copy of the firm's annual report and audited financial statements for the preceding two fiscal years.
5. Provide your most recent ratings reports from any available agencies. State your current rating and identify and explain any and all rating changes during the last five years.
6. Indicate whether your firm has been the subject of any federal or state regulatory actions and/or significant litigation within the last three years related to the services your firm provides to public sector entities.
7. Will your firm be partnering with any other unrelated organizations in submitting a response to this RFI?
8. State the dollar value of assets and the number of portfolios currently under direct management by your firm. Please indicate these amounts as public or private sector funds.
9. State the extent your firm's experience in managing portfolio and administrative services to public sector entities.
10. Is your firm currently involved in managing or administering, in whole or in part, any government investment pool or other similar fund for the pooling of public funds for the purpose of investment? If so, please list each pool, the state or geographic region in which it operates, and whether the pool or fund is sponsored by a government entity. Please indicate the average size of each pool and provide detailed information on the structure and past performance of each pool.

B. Portfolio Management

1. Given the permissible investments for funds deposited in the LGIP as outlined by Indiana Code § 5-13-9-11 and Indiana Code § 5-13-10.5 *et. seq.*, please indicate your firm's recommended asset allocation or intended asset management strategy to achieve maximum return on assets in the LGIP. Please also include your firm's experience (including key personnel) in handling investments in each of the investment classes described by the statutes above.
2. The LGIP is required by statute to maintain liquidity for participants. Please indicate your proposed procedure for maintaining this liquidity while maximizing funds available for investment.

3. How would your firm ensure that the LGIP maintains a \$1.00 NAV for participants at all times?
4. Would you recommend that a pooled fund such as Indiana's LGIP seek formal rating by a nationally recognized rating agency? Why or why not?
5. What role if any would securities lending play in your proposed portfolio management strategy?
6. How would your firm propose to deal with the statutory requirement that no less than 50% of funds in the LGIP be invested in banks on the list of approved depositories?
7. The Administrator is considering investing a portion of the LGIP "in-house." Please indicate how your firm would accommodate this.
8. What role will commercial paper play in your firm's proposed portfolio management strategy?
9. What is the capacity of your firm to conduct credit analysis on banks which might hold deposits of the LGIP as well as corporations whose commercial paper the LGIP might purchase?
10. Provide a proposed "LGIP Investment Policy" that complies with the requirements of the LGIP statute and could be provided to all local government entities considering investing in the LGIP.
11. Provide a proposed "LGIP Procedures Guide" that complies with the requirements of the LGIP statute and could be provided to all local government entities considering investing in the LGIP.

C. Administrative Services

1. Please describe the type of resources that your firm would propose to devote to customer service for the plan (a flow chart may be helpful). State the number of live customer service associates that would be available to answer participant calls during normal business hours (Monday thru Friday, 8 a.m. to 5 p.m. EST). Where would the telephone call center be located (must be located within the continental United States)?
2. State how your firm would propose to provide 24 hour account access to participants via a dedicated internet website. This website should allow participants to transfer money to and from their operating/general fund account via both ACH and wire transfers.
3. Indicate the type of system security your firm proposes to incorporate into the administration of the LGIP. Please address both physical and data security with particular focus on the proper authentication of participants, protection from cyber attacks, data privacy, disaster preparedness, and redundancy of key systems. Please explain how IP and data security are a process within your firm.
4. Please describe any and all software platform(s) that your firm proposes to use for the administration of the plan and whether that software is custom designed or proprietary.
5. What daily "cut-off" times would your firm propose for the crediting or redemption of participant funds in the LGIP?

6. Describe the type of internal compliance system your firm would propose to institute in order to ensure that the LGIP portfolio is screened for ineligible investments, proper bank deposit ratios and to otherwise guarantee compliance with all applicable laws. What type of legal support does your organization rely upon (including in-house and outside counsel) and what is their relevant experience?
7. Describe the accounting software and recordkeeping system that your firm would use to properly account for all funds in the pool. How would your software system calculate a “daily rate” and daily accrued interest for each participant? Also state your firm’s plan to comply with the annual outside audit requirement in the enabling statute. Finally, state the amount of experience and your firm’s proposed plan for ensuring compliance with GASB and other applicable accounting standards.
8. Indicate the entities proposed to be utilized in the roles of transfer agent and custodian for the LGIP.
9. State whether your firm would require participants to maintain a certain minimum balance for an account to remain open.
10. What procedure would your firm put in place to comply with the requirements to issue regular account statements to LGIP participants as outlined in Indiana Code § 5-13-9-11(g)(5).

D. Marketing Plan

1. Please provide a marketing plan for the LGIP including any projections for total assets within a one, three, and five year timeframe.
2. Please include a proposed marketing budget.
3. How many full time employees would your firm dedicate to marketing as part of your proposal? Please indicate how many of these would be employees of the Administrator and how many would be employees of your firm. Please provide a proposed job description for these employees. Please include resumes if these individuals are currently employed by your firm.

E. Miscellaneous

Assuming your firm was awarded a contract, what is the projected date by which your firm could have the LGIP ready to accept funds from participants and fully operational? Please provide a detailed project development timeline.

F. Fees

1. Expressed solely in terms of basis points calculated from the total amount of managed funds in the LGIP, indicate your firm’s proposed fee structure. Respondents are encouraged to submit a fee proposal which includes a tiered pricing structure based on total size of assets under management. This amount should be all-inclusive with no additional fees.

ATTACHMENT

A

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE ENROLLED ACT No. 1278

AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 5-13-9-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 11. (a) As used in this section, "investment pool" means the local government investment pool established by subsection (b).**

(b) The local government investment pool is established within the office and custody of the treasurer of state.

(c) An officer designated in section 1 of this chapter may pay any funds held by the officer into the investment pool for the purpose of deposit, investment, and reinvestment of the funds by the treasurer of state on behalf of the unit of government paying the funds into the investment pool.

(d) The treasurer of state may pay state funds into the investment pool for the purpose of deposit, investment, and reinvestment of the state funds.

(e) The treasurer of state shall invest the funds in the investment pool in the same manner, in the same type of instruments, and subject to the same limitations provided for the deposit and investment of state funds by the treasurer of state under IC 5-13-10.5.

(f) The treasurer of state:

(1) shall administer the investment pool; and

(2) may contract with accountants, attorneys, regulated investment advisors, money managers, and other finance and investment professionals to make investments and provide for the public accounting and legal compliance necessary to ensure and maintain the safety, liquidity, and yield of the investment pool.

(g) The treasurer of state shall establish and make public the policies that the treasurer of state will follow to ensure the efficient administration of and accounting for the investment pool. The policies must provide the following:

(1) There is not a minimum time for which funds paid into the investment pool must be retained by the investment pool.

(2) The administrative expenses of the investment pool shall be accounted for by the treasurer of state and shall be paid from the earnings of the investment pool.

(3) The earnings of the investment pool in excess of the administrative expenses of the investment pool shall be credited to the state and each unit of government participating in the

investment pool in a manner that equitably reflects the different amounts and terms of the state's investment and each unit's investment in the investment pool.

(4) There is not a limit on the number of accounts that the state or a unit of government participating in the investment pool may establish within the investment pool.

(5) The state and each unit of government participating in the investment pool shall receive electronic or paper reports, including:

(A) a daily transaction confirmation, reflecting any activity in the state's or unit's account; and

(B) a monthly report showing:

(i) the state's or unit's investment activity in the investment pool; and

(ii) the performance and composition of the investment pool.

(6) The investment pool shall be audited at least annually by an independent auditing firm, with an electronic or a paper copy of the audit provided to the state and each unit of government participating in the pool.

(7) No less than fifty percent (50%) of funds available for investment shall be deposited in banks qualified to hold deposits of participating local government entities.

(h) A unit of government participating in the investment pool may elect to have any funds due from the state wired directly to the custodian bank of the investment pool for credit to the unit's investment pool account by submitting in writing a request to the auditor of state to wire the funds as directed. An election made by a unit of government under this subsection may be revoked at any time by the unit by submitting in writing a request to the auditor of state to cease wiring the funds as previously directed by the unit.

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IC 5-13-4-7**"Deposit accounts"**

Sec. 7. "Deposit accounts" means any of the following:

- (1) Any account subject to withdrawal by negotiable orders of withdrawal, unlimited as to amount or number, and without penalty, including NOW accounts.
- (2) Passbook savings accounts.
- (3) Certificates of deposit.
- (4) Money market deposit accounts.
- (5) Any interest bearing account that is authorized to be set up and offered by a financial institution in the course of its respective business.

As added by P.L.19-1987, SEC.6. Amended by P.L.44-1990, SEC.1.

IC 5-13-4-8**"Depository"**

Sec. 8. "Depository" refers to a financial institution designated as a depository of public funds under this article.

As added by P.L.19-1987, SEC.6.

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C

**Information Maintained by the Office of Code Revision Indiana Legislative Services
Agency**

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IC 5-13-10.5

Chapter 10.5. State Investments

IC 5-13-10.5-1

Applicability of chapter

Sec. 1. This chapter applies to the following funds:

- (1) Funds raised by bonds issued for a future specific purpose.
- (2) Sinking funds.
- (3) Depreciation reserve funds.
- (4) Gifts.
- (5) Bequests or endowments.
- (6) Any other funds available for investment.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-2

Authorization for investment and reinvestment of funds

Sec. 2. In addition to any other statutory power to make investments under any other law:

- (1) the treasurer of state, under the guidelines established by the state board of finance; and
- (2) any other public officer of the state authorized by statute or court order to make investments;

may invest or reinvest funds held by the treasurer of state or other public officer in any combination of the investments authorized under this chapter. In making the investment, the public official shall comply with the requirements in this chapter that apply to the investment.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-3

Final maturity; percentage of investments outstanding; investment advisers and money managers; investment of money from transportation corridor fund

Sec. 3. (a) Except as provided in subsection (b), investments under this chapter may be made only in securities having a stated final maturity of two (2) years or less from the date of purchase.

(b) The treasurer of state may make investments in securities having a final maturity or redemption date that is more than two (2) years and not more than five (5) years after the date of purchase or subscription. After an investment is made under this subsection, the total investments outstanding under this subsection may not exceed twenty-five percent (25%) of the total portfolio of funds invested by the treasurer of state. However, an investment that complies with this subsection when the investment is made remains legal even if a subsequent decrease in the total portfolio invested by the treasurer of state causes the percentage of investments outstanding under this subsection to exceed twenty-five percent (25%). The treasurer of state may contract with federally regulated investment advisers and other institutional money managers to make investments under this section. This subsection expires July 1, 2007.

(c) Unless prohibited under federal law, the treasurer of state shall invest under subsection (b) the funds of the transportation corridor fund established by IC 8-4.5-3-7. The treasurer of state may invest other funds held by the state in compliance with subsection (b). This subsection expires July 1, 2007.

As added by P.L.18-1996, SEC.23. Amended by P.L.46-1997, SEC.15; P.L.220-2003, SEC.3.

IC 5-13-10.5-4

Protection of interests of funds

Sec. 4. A public officer making an investment under this chapter may sell any securities acquired and may take any action necessary to protect the interests of the funds invested, including the exercise of exchange privileges that may be granted with respect to maturing securities if the new securities offered in exchange meet the requirements for initial investment.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-5

Legal custodian; safekeeping receipts

Sec. 5. (a) The treasurer of state is the legal custodian of securities under this chapter. The treasurer of state shall accept safekeeping receipts or other reporting for securities from:

- (1) a duly designated depository as prescribed in this article; or
- (2) a financial institution located either in or out of Indiana having physical custody of securities with a combined capital and surplus of at least ten million dollars (\$10,000,000) according to the last statement of condition filed by the financial institution with its governmental supervisory body.

(b) The state board of accounts may rely on safekeeping receipts or other reporting from any depository or financial institution.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-6

Restrictions on public officers

Sec. 6. A public officer of the state may not do the following:

- (1) Purchase securities on margin.
- (2) Open a securities margin account for the investment of public funds.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-7

Investment in securities; cost in excess of par

Sec. 7. (a) A public officer of the state may invest or reinvest funds held by the officer and available for investment in securities that are:

- (1) backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States; and
- (2) issued by any of the following:
 - (A) The United States Treasury.

(B) A federal agency.

(C) A federal instrumentality.

(D) A federal government sponsored enterprise.

(b) If an investment under subsection (a) is made at a cost in excess of the par value of the securities purchased, any premium paid for the securities shall be deducted from the first interest received and returned to the fund from which the investment was purchased, and only the net amount is considered interest income.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-8

Investment in deposit accounts

Sec. 8. (a) A public officer of the state may invest or reinvest funds held by the officer and available for investment in deposit accounts issued or offered by a designated depository. Investments under this subdivision by the treasurer of state are governed by IC 5-13-10.

(b) Investments in deposit accounts under subsection (a) must be in the amounts, and for the rates and terms, as are agreed upon from time to time by the officer making the investment and the designated depository.

(c) Investments made in accordance with subsection (a) and the interest earned or accrued on them are public funds and are covered by the insurance fund.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-9

Investment in repurchase or resale agreements; collateral

Sec. 9. (a) A public officer of the state may invest any funds held by the officer and available for investment into agreements, commonly known as repurchase or resale agreements with depositories designated by the state board of finance as depositories for state deposits, involving the purchase and guaranteed resale of any interest-bearing obligations that are:

(1) issued; or

(2) fully insured or guaranteed;

by the United States, any United States government agency, any instrumentality of the United States government, or any federal government sponsored enterprise. The amount of money in this type of agreement must be fully collateralized by interest-bearing obligations as determined by the current market value computed on the day on which a transaction is effective.

(b) The collateral for the type of agreement described in subsection (a) is not subject to the maturity limitation in section 3 of this chapter.

As added by P.L.18-1996, SEC.23. Amended by P.L.46-1997, SEC.16; P.L.134-2000, SEC.2.

IC 5-13-10.5-10

Investment in obligations issued; assumed or guaranteed by certain

banks or State of Israel

Sec. 10. A public officer of the state may invest or reinvest funds that are held by the public officer and available for investment in obligations issued, assumed, or guaranteed as to the payment of principal and interest by:

(1) the International Bank for Reconstruction and Redevelopment;

(2) the African Development Bank; or

(3) the State of Israel.

As added by P.L.18-1996, SEC.23. Amended by P.L.220-2003, SEC.4.

IC 5-13-10.5-11

Investment in other obligations

Sec. 11. The treasurer of state may invest or reinvest funds that are held by the treasurer and that are available for investment in obligations issued by any of the following:

- (1) Agencies or instrumentalities of the United States government.
- (2) Federal government sponsored enterprises.
- (3) The Indiana bond bank, if the obligations are secured by tax anticipation time warrants or notes that:
 - (A) are issued by a political subdivision (as defined in IC 36-1-2-13); and
 - (B) have a maturity date not later than the end of the calendar year following the year of issuance.

As added by P.L.18-1996, SEC.23. Amended by P.L.1-2004, SEC.2 and P.L.23-2004, SEC.2.

IC 5-13-10.5-11.5

Treasurer of state may invest

Sec. 11.5. The treasurer of state may invest or reinvest funds that are held by the treasurer and that are available for investment in commercial paper rated in the highest rating category by one (1) nationally recognized rating service and with a stated final maturity of two hundred seventy (270) days or less from the date of purchase.

As added by P.L.220-2003, SEC.5.

IC 5-13-10.5-12

Investment in participations in loans

Sec. 12. (a) The treasurer of state may invest or reinvest any funds that are held by the treasurer and available for investment, in participations in loans. However, funds may be invested or reinvested in a participation in loans under this subsection only under the following conditions:

- (1) The principal of the participation in loans must be guaranteed by an agency or instrumentality of the United States government.
- (2) The participation in loans must be represented by a certificate issued by a bank that is:

- (A) incorporated under the laws of Indiana, another state, or the United States; and
 - (B) insured by the Bank Insurance Fund of the Federal Deposit Insurance Corporation.
- (b) Funds may be invested or reinvested in a participation in loans under subsection (a) even if the certificate representing the participation in loans is not insured by the Bank Insurance Fund of the Federal Deposit Insurance Corporation.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-13

Lending securities

Sec. 13. The treasurer of state may lend any securities acquired under section 7 or 11 of this chapter. However, securities may be lent under this section only if the agreement under which the securities are lent is collateralized by:

- (1) cash; or
- (2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States government, a federal instrumentality, or a federal government sponsored enterprise;

in excess of the total market value of the loaned securities.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-14

Designation of fund

Sec. 14. The board of trustees of a state university may designate the fund to which the interest of its investments shall be receipted.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-15

Public depository insurance assessment

Sec. 15. Any public depository insurance assessment paid by a depository on any deposit account of the state under IC 5-13-12-5 shall be deducted from the interest otherwise payable on that account.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-16

Interest from investments

Sec. 16. Interest from the investment of the public funds of the state may not be paid personally or for the benefit of any public officer.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-17

Service charge

Sec. 17. Any public officer of the state that makes a deposit in any deposit or other account may be required to pay a service charge to the depository in which the funds are deposited, if the depository

requires all customers to pay the charge for providing that service. If the total service charge cannot be computed before the investment, the investing officer of the state shall estimate the service charge and adjust the interest rate based on this estimate. The service charge may be paid by direct charge to the deposit or other account or in any other manner mutually agreed upon by the investing officer and the depository.

As added by P.L.18-1996, SEC.23.